

LO Exhibit A-14

Michael & Laurie Ortolano
41 Berkeley St.

October 2, 2018

This letter recommends that the Nashua Board of Aldermen review the practices being used in the Assessors Office with respect to 1) compliance with the NH State Law relative to property assessment, and 2) use of accepted property assessment practices.

This recommendation is based on an extensive review of data that was gathered, analyzed and provided (in part) to KRT Appraisals in support of a separate request to correct a disproportionate assessment issue associated with our home at 41 Berkeley Street. This issue is being handled separately.

Review of the data indicates serious deficiencies in the methods used to determine the assessed values of property, which is the primary method for distributing the city's tax burden. The effect of a disproportionate assessment is a disproportionate tax bill.

Specific areas of concern are:

1. Permitted work does not appear to be consistently recorded.

Of 92 homes evaluated that had permitted work on the property cards, 49 homes were never assessed. The homes evaluated covered a city wide area and were not limited to just the North End.

2. Permits appear to be significantly undervalued when submitted to the building department and subsequently undervalued by the Assessors.

Assessors are not entering the homes to verify the level of work done thereby creating disproportionate assessments. Of the 92 homes evaluated, 31 were assessed at low levels.

3. Assessors appear to be providing an effective "incentive" to homeowners that do not permit them to enter their homes.

"No entry" is a common phrase on the property cards, so they are assessing from their desks or a drive by. The use of "tag left" is rarely documented on property cards. This unseen permitted work appears to result in low assessment increases.

4. Permits do not appear to be recorded in a timely manner.

Permits are being closed 3-6 year out from the dates on the property cards.

5. The Effective Year Date on property cards appears to be determined inconsistently and at the discretion of individual Assessors.

It is an important factor that affects depreciation of the home.

6. MLS data and verification appears to be used inconsistently. This practice appears to create localized disproportionate assessments.

The assessors office has stated that they regularly capture MLS data, updating sheets and changing assessments. This is simply not the case. These inconsistencies have occurred over many years.

7. Staff within the Assessors Office have communicated that their current practice does not provide notification to residents when the assessed value of their property is changed.

Ambushing your citizens, especially those on fixed incomes, tight budgets, or new residents (as in our case) is an unwelcoming and poor practice.

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8. A system of “checks and balances” does not appear to be in place to verify that assessments are credible.

Adjustments to assessed values appear to be highly subjective and at the discretion of individual assessors. There do not appear to be any basic standard operating guidelines set forth by the city to ensure consistency. Basically, there appears to be no quality assurance system for ensuring residents are provided proportionate and equitable property assessments.

9. The Uniform Standards of Professional Appraisal Practices (USPAP) document should be review carefully to ensure that ethical conduct and conflict of interest issues are fully understood and not violated within the Assessors Office.

Personal associations and friendships between the Assessors and the homeowner should be properly disclosed by the Assessor to ensure that personal bias does not affect the credibility of the assessment.

The following attachments provide data that supports the concerns listed above.

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Appendix 1 - Uncaptured permits and random MLS verification

- 12 Berkeley St. - Foreclosed home in 2010 purchased at \$249K. Assessor noted that home undergoing full repair/rebuild and need to go back to assess. Home never assessed. Has stayed at an assessed value of \$243.9K for 8 years.
- 13 Berkeley St. - 80K of permits pulled in 2012/13 were never assessed. In addition, MLS verification was never performed in 2016 when the home sold for \$510,000. It is still assessed at \$321,500.
- 15 Berkeley St. did a kitchen renovation in 2012, captured in 2014. There was no change to the assessment value and it appears the assessor never entered the home.
- 17 Berkeley St. did a complete tear down to the studs and rebuild after a fire. Assessment for the rebuild of the home never completed. Under assessed at \$343,200.
- 38 Berkeley St. was MLS verified but no assessment changes were made despite upgrades for a full master and hall bath. Home sold for \$570,000 in 2017 and is currently assessed at \$420,200.
- 46 Berkeley St. - \$45K permit pulled in 2010 for bathroom renovations was closed in 2016. Did not increase assessment.
- 50 Berkeley St. - \$128K room addition in 2011 closed 2013 never assessed. \$40K of master bath/laundry/hall renovations in 2016/17 never assessed.
- 20 Indian Rock finished a basement and added a 3/4 bath in 2011, closed by the assessors in 2013. There was no increase in the assessment value.
- 37 Indian Rock sold in 2015 for \$348,000. Property card was updated with many new features but no change was made to the assessment. 2017 assessed value is at \$260,300.
- 50 Indian Rock sold in 2017 for \$525,000. No MLS assessment change. A permit for an addition for \$17.5K resulted in a 3K reduction in the assessment.
- 54 Indian Rock has a 94K swimming pool installed in 2014 - permit closed in 2015. No assessment increase for the pool.
- 3 Tanglewood sold for \$662,534 in 2012, no MLS verification done. 2017 Assessment \$589,500.
- 19 Preserve - permit in 2013 for \$100K for all bathrooms remodeled. No increase in assessment.
- 8 Preserve had a \$58K 2015 permit for 12 X 27 Garage addition and remodel of a bathroom. It was closed and never captured in the assessment.
- 16 Chester St. had extensive work done and a \$22.5K permit pulled in 2015 - closed in 2016. Rebuild of a garage, 1.5 baths changed to 3 baths, changed the entryway and added a patio. No increase in the assessment.
- 24 Chester St. sold in 7/2017 for \$489.9K- MLS verified with no assessment adjustment made. Fully restored home, currently assessed at \$391K.
- 27 Chester St. pulled a permit(\$35K) in 2011 for a 50% increase in space for home. Addition never assessed.
- 35 Chester St. pulled a permit for \$40K closed in 2015. No increase to the assessment.
- 15 Clearview Dr. - \$20K permit for bathroom renovations in 2014, never assessed.
- 18 Clearview Dr. - House sold in 2017 for \$330K with no MLS assessment update despite hardwood floors throughout and Central Air added. 2017 assessment - \$268,100.
- 27 Brackenwood Dr. - House sold in 2014 for \$365K. MLS verified noting hardwood floors, central air, and finished basement added. No increase to the assessment. 2017 assessment - \$322,500.
- 5 Ashland St. - No assessment increase for a permit closed in 2014.
- 7 Cathedral Dr - 29K permit in 2012 - never assessed.
- 31 Cathedral Dr. - Unclear if permit for finished basement assessed and MLS verification not captured in home sale in 2012.
- 36 Cathedral - Sold in 2014 for \$447K - no assessment change despite many upgrades.
- 56 Cathedral - 17K permit closed in 2014 was not assessed. Many changes on the property card due to the home sale in 2017 for \$490K. Assessed value at \$389.8K
- 8 Adella Dr. - \$56K permit closed in 2014 for a kitchen renovation. No increase in the assessed value.

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Appendix 2 - Inconsistent use of Home Sales and MLS Data

The following table provides detailed information on what happened on Berkeley St. regarding home sales and MLS verification.

Street	Date of Sale	Purchase Price	Assessment Value - Time of Purchase	MLS Verified	Change in Assessment due to MLS Review	Days on the Market
51 Berkeley	6/2017	\$1,150,000	\$960,300	yes	\$0	365+
41 Berkeley	12/2013	\$725,000	\$469,800	yes	\$229,600	150+
3 Berkeley	9/2017	\$208,000	\$197,600	no	\$0	365+
13 Berkeley	5/2016	\$510,000	\$321,500	no	\$0	13
21 Berkeley	12/2015	\$290,000	\$290,700	no	\$0	family sale
38 Berkeley	9/2017	\$570,000	\$420,200	yes	\$0	120
40 Berkeley	9/2015	\$399,943	\$448,300	no	\$0	60
45 Berkeley	7/2017	\$560,000	\$538,000	no	\$0	0
63 Berkeley	7/2016	\$396,000	\$369,600	no	\$0	~10
5B Berkeley	7/2016	\$430,000	\$338,900	no	\$0	10

As you can see, the only home with an assessment change, despite improvements to many homes, was 41 Berkeley St.

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Appendix 3 - Undervalued permits and assessments

- 2 Berkeley St. - 2014 permits for finished basement, air conditioning and heat change from oil to gas resulted in \$1K increase in assessment.
- 5A Berkeley St. - \$25K permit closed in 2015 added \$7K to assessment.
- 7 Berkeley St - 20K permit to enlarge and outdoor screen porch and add a 6 X 6 deck resulted in a \$1K increase in assessment.
- 8 Berkeley St. - \$44K permit closed in 2014 for a kitchen remodel resulted in a \$3K assessment increase.
- 14 Berkeley St. - 22K permit closed in 2016 for full bathroom upgrades and changing an open screen porch to closed. This added \$3K to the assessment.
- 37 Berkeley St. - \$33K permit for kitchen upgrade in 2011. Took 3 years to assess and resulted in a \$6K assessment increase without assessor entering home.
- 40 Indian Rock - \$52K permit in 2016 for bathrooms, etc. resulted in a \$2K increase in assessment. Verified sitting at a desk.
- 9 Tanglewood Dr. - \$75K permit pulled in 2015. 2 patios, deck and kitchen remodel. Assessment increased 7K. No entry - adjust made at desk.
- 67 Tanglewood Dr. - \$32K permit close in 2016 resulted in a \$4K increase in assessment.
- 30 Chester St. - \$20K kitchen permit in 2016 resulted in a \$4K increase in assessment.
- 4 Clearview Dr. - MLS verified in 2018 and added 6K for an in law kitchen that was not permitted.
- 12 Clearview Dr. - \$27K 2017 permit for removal of old deck and open porch and added a 14 x 14 room and a patio. Increased the assessment by 4K.
- 21 Clearview Dr. - \$80K 2016 permit for a kitchen upgrade resulted in a \$2K increase in assessment. Assessor did not enter home.
- 31 Clearview Dr. - \$20K 2017 permit added \$1K increase to assessed value.
- 7 Brackenwood Dr. - 38K addition resulted in a \$2K increase in assessment per MLS review.
- 14 Brackenwood Dr. - Hardwood and Central Air added per MLS review. Increased assessment by \$3K.
- 21 Brackenwood Dr. - \$14K permit for new deck in 2016 added \$600.00 to the assessment.
- 10 Ashland St. - \$10K permit closed 2016 for a new 14 x 12 room, changed EFP to OFP and removed part of deck resulted in a \$2K increase in assessment.
- 39 Cathedral St. - MLS verified a property and captured hardwood floors, central A/C and remodeled kitchen. This added \$5K to the assessment.
- 25 Raymond St. - \$65K kitchen remodel permit closed in 3/2017 added \$1.3K to the assessment.
- 27 Raymond St. - \$20K porch added in 2016 added \$2.1K to assessment.
- 47 Raymond St. - lots of permits pulled between 2016-2018 for electrical, mechanical, plumbing. No change in assessed value.

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Appendix 4 - Inconsistent Use of Effective Year Build (EYB)

In the letter given to 39 Berkeley on May 8, 2014, it was noted that their EYB was changed from 1924 to 1994. The same thing happen at 41 Berkeley St.. The inconsistencies of this factor are as follows:

- 17 Berkeley St burned in a fire in 2011. It was completely gutted and rebuilt as a new home in 2012. The EYB date on that card is 1959 and they are getting depreciation on the home.
- 50 Berkeley St. has about 70% percent of the total living area built after 2000. The original home was 1949. The EYB on the home now is 1969.
- The EYB at 41 Berkeley was changed from 1925 to 1994 because of restoration work. Yet all the fixturing in the bathrooms is 1940-1950 with the exception of a master bath and modern kitchen. The home has never had an addition or a wall moved. Original steam heat, single zone, little insulation, original plaster/metal mesh walls and ceilings, original floors.
- 27 Chester St increased living area by 50% in 2010. Home was built in 1955, yet the new EYB is 1965.
- 13 Berkeley St. built in 1930 underwent a complete renovation 2012/13 yet has an EYB of 1959.

These inconsistencies exist throughout the entire North End.

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Appendix 5 - Supplemental Information

41 Berkeley St. sold for \$725,000 in December 2013 as was assessed to \$707,000 by the Assessor's Office in January 2014. A modern kitchen and master bath, finished basement, resulted in a \$229K assessment increase. The property was significantly overbought. As you can see from the data above, the assessors office simply does not heavily assess new kitchens, baths, or additions.

12 Adella sold for \$630K in November of 2013. This is 3849 Sq. Ft. home built in 2004. The assessor's office did not adjust this assessment for full sale price. They raised the assessment from \$497,400 to \$539,900, almost \$90,000 less than purchase price. This home was not assessed for the "over bought" value.

19 Ashland St. sold in 2017 for \$459,934. This home was MLS adjusted \$83,000 increasing the assessment from \$297,500 to \$379,300. This occurred because the assessor's office did not capture a 2010 permit for \$70K of work that included adding central air, changing unfinished attic to attic, a full bath and kitchen upgraded and the EYB change 1974 to 1994. It took 7 years for the city to assess the permit and they ambushed the new owners with the bill. No visit to the home. No letter was sent to the homeowners regarding their assessment change.

15 Lee St. in 2010 underwent an addition and renovation for \$150,000. They raised the assessment in 2012 by \$115,000. No letter was sent to home. The home is a 3000 sq. ft. cape. The home at 50 Berkeley is a Cape with a 128K addition in 2011 that has never been assessed. The assessor who handled 15 Lee, 50 Berkeley and 41 Berkeley is the same person.

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How we got here.

We moved into Nashua in December of 2013 and within a month received a letter from the Assessors Office stating that the assessment had been increased due to an MLS verification. Our tax bill for the 2014 year jumped \$5780 and is currently above \$18,000. A city wide assessment was completed by Nashua in 2013.

As new residents of Nashua, we were not aware of the condition of our neighbors' homes. We were aware that 39 Berkeley (next door) had put on an addition in 2010 and was was taxed ~\$1300 more than 41 Berkeley. It seemed our new assessment was an error.

The assessor was called to the home for a review. Upon arrival, he noted that the addition on 39 Berkeley was never captured.

In pulling permit data at City Hall last month, the permit at 39 Berkeley was, in fact, captured, closed, and assessed in 2012. 39 Berkeley was issued a letter on May 8, 2014 informing them that there assessment had been raised ~\$200,000 based on permitted work done in 2010 and their new assessment was over \$728,000.

The assessing office apparently felt the need to bring 39 Berkeley up to meet the level of 41 Berkeley Street. The Assessor did not raise the assessed values of any other homes on the street. They appeared to have targeted 2 homes with 39 Berkeley being guised as a permit issue.

The practice of opening the same permit twice and reassessing on the same permit seems unethical.

Our view is that the Assessors Office is unresponsive in resolving our issues and questions regarding practices in the Office. We are requesting assistance from the Board of Aldermen and higher City Officials in dealing with this issue.